



## DEFENSE FINANCE AND ACCOUNTING SERVICE

1931 JEFFERSON DAVIS HIGHWAY  
ARLINGTON, VA 22240-5291

JUL 7 1997

(DFAS-HQ/FMM)

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE  
- CLEVELAND CENTER  
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE  
- DENVER CENTER  
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE  
- INDIANAPOLIS CENTER  
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE  
- KANSAS CITY CENTER  
PROGRAM MANAGER, DEFENSE JOINT MILITARY PAY SYSTEM

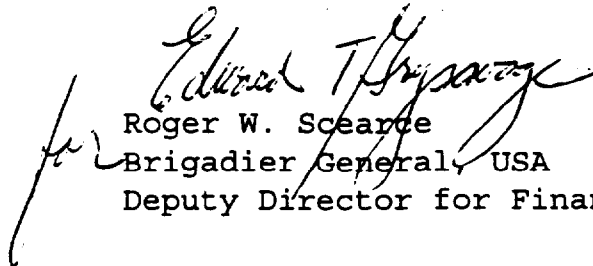
SUBJECT: Department of Defense Financial Management Regulation,  
Volume 7, Part A and B (DoDFMR Vol 7A and 7B), Standard  
Procedures and Dollar Thresholds for Routine Pay  
Adjustments (DFAS Item F-65) and Other Clarifying  
Corrections to Table 50-6.

This is Interim Change Number 20-97 to DoDFMR Vol 7A and  
Interim Change Number R-15-97 to DoDFMR Vol 7B. We have  
evaluated your comments on the draft changes to DoDFMR Vol 7A and  
7B. These changes incorporate revised standard procedures and  
dollar thresholds for routine pay adjustments and debts collected  
in accordance with 37 U.S.C. 1007(d) and 5 U.S.C., 5514 (a) (1)  
and 31 U.S.C. 3716. The attached final versions of the changes  
include your comments, where appropriate. This is effective  
immediately.

We have determined this regulatory change is to be  
implemented under the auspices of DFAS Regulation 7920.3-R.  
The purpose of the changes is to establish standard debt  
procedures and dollar thresholds for processing under the Defense  
Joint Military Pay System (DJMS), the Marine Corps Total Force  
System (MCTFS), and the Defense Retiree and Annuitant System  
(DRAS). The DJMS PMO, DFAS-CL, and DFAS-KC will ensure the  
necessary systems changes are scheduled for implementation in  
DJMS (active component and reserve component), DRAS, and MCTFS.  
Centers are advised to make DFAS Headquarters (FM) an information

addressee on implementing field procedures. For the Denver Center, use the attached to initiate the formal printed changes to DoDFMR Vol 7A and 7B.

Our point of contact, Ms Ann Cook may be contacted at DSN 332-5274 or Commercial (703) 602-5275. Our FAX number is DSN 332-5271 or Commercial (703) 602-5271.

  
Roger W. Searce  
Brigadier General, USA  
Deputy Director for Finance

Attachments:  
As stated

cc: DASD (MMP) COMP  
ODGC(F)  
Service Liaisons  
USCG/NOAA/PHS Liaisons  
DFAS-DE/DG

1. Change paragraph 60205a to read:

"60205a. Categories of Debts.

(1) Routine Adjustments. A routine adjustment corrects an overpayment resulting from clerical or administrative errors, delays in processing pay documents, or an automated pay system error which is discovered and collected within no more than two monthly pay periods after the date of overpayment. The member shall be provided with notice of adjustment when it is made, or as soon thereafter as practicable.

(2) Categories:

a. All debts of \$100 or less will automatically be collected at 2/3rds of disposable pay on the first available payday after they are identified. These debts will not require a notice to the retiree before collection action is taken. A retiree advisory statement (RAS) remark will advise the retiree that the debt has been collected from their pay.

b. Routine adjustment greater than \$100 will be processed for collection in the month they are identified and a notice sent to the retiree (RAS remark) regarding an impending collection. If the retiree does not request a change in the repayment schedule, the system will automatically collect the debt utilizing the 2/3rds disposable pay rule.

c. Due process debts greater than \$100 require formal notification to the member in the form of a due process letter from DFAS-CL. DFAS-CL will initiate debt collection based upon an appropriate liquidation schedule.

2. Add new paragraph 60205b to read:

b. "No Pay Due" Notice. As a precaution to prevent avoidable hardship to the retiree, a "no pay due" RAS will be generated to the retiree."

3. Renumber subsequent paragraphs 60205b, c, and d to read c, d, and e.

4. Revise renumbered paragraph 60205c to read:

"60205c. Due Process Debts. Before initiating any collection action for debts under paragraph 60205a(2)c, the member shall..."

5. Change paragraph 60206c to read:

"60206c. Due Process. Debts collected under 5 U.S.C. 5514 (reference (cl)) are those owed to departments or agencies other than the Department of Defense or other Uniformed Services. The creditor agency is responsible for providing due process to member debtors and for certifying to the Secretary of Defense that due process rights have been provided when requesting collection action. The requirement for due process does not apply to routine intra-agency adjustments of pay that are attributable to clerical or administrative errors or delays in processing pay documents that have occurred within the four pay periods preceding the adjustment and to any adjustment that amounts to \$50 or less, if at the time of such adjustment, or as soon thereafter as practical, the individual is provided written notice of the nature and the amount of the adjustment and a point of contact for contesting such adjustments. Once the Secretary of the Service concerned or the Secretary's designee accepts the debt for collection, members must be provided written notice informing them of the nature and amount of the debt due the United States and the intent to commence collection through deductions from pay. The notice should provide a point of contact at the creditor agency for any questions or disputes the member may have."

6. Revise paragraph 60207a to read:

"60207a. The amount to be collected each month to recoup an indebtedness from a member's retired pay should be an amount each month reasonable to the size of the debt, and the member's ability to pay the debt as supported by financial information provided by the member."

7. Add the following to the bibliography:

"Paragraph

Citation

60206c

5 U.S.C. as amended  
Pub. L. 104-134, Sec 301,  
26 Apr 1996"